

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS ROBERT
CINTRON TO ASSOCIATION FOR POSTAL COMMERCE'S FIRST
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
(POSTCOM/USPS-T1-1-4)
(May 18, 2021)**

The United States Postal Service hereby provides its responses to the Association for Postal Commerce's First Interrogatories and Requests for Production of Documents to USPS Witness Cintron, issued on May 11, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Rory E. Adams
Jeffrey A. Rackow
Michael D. Weaver

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-8706
Rory.E.Adams@usps.gov
May 18, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO
ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES**

POSTCOM/USPS-T1-1: Will the Postal Service have to add any ground transportation lanes to handle First-Class Mail volumes that are currently transported by air?

- a. If the answer is yes, please provide the following:
 - i. All known lanes that will be added to the USPS ground network.
 - ii. Total cubic volume of additional capacity for each additional lane.
 - iii. Vehicle miles per lane.
- b. If the answer is no, what will be the expected capacity utilization for the Postal Service's ground network after the service standard changes are implemented?

RESPONSE:

- a. Yes, the Postal Service will need to add ground transportation to handle FCM volume currently transported by air.
 - i. The selection of the specific lanes for implementation has not been finalized. Please see the file, "Anticipated Lane Data.xlsx", submitted as USPS-LR-N2021-1-14, identifying the suggested lanes, volume cubic feet, and lane mileage output from the model. Please note that the cubic volume indicated is estimated by multiplying the percent load of an All-Purpose Container (APC) by 37.5 cu-ft per APC. The cubic feet space requirement on a trailer will be greater due to the containerization of the volume. The vehicle miles per lane is the mileage from Origin to Destination. The trips developed in the model share multiple destinations, therefore summing the mileage of the individual lanes will not result in the sum of miles required to shift the modeled volume from Air to Surface mode.
 - ii. Please see response to 1.a.i
 - iii. Please see response to 1.a.i

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-2: Has the Postal Service estimated what service performance will be achieved if the proposed changes are implemented? If so, please provide the estimated results utilizing the table below:

Estimated Impact of USPS Proposed Transportation Changes					
	Proposed Transportation				
Current Transportation	1-Day	2-Day	3-Day	4-Day	5-Day
1-Day					
2-Day					
3-Day					

For example, the bottom-right cell would show the percentage of mail, currently being delivered within three days (or more) that would instead be delivered within five days (or more).

RESPONSE:

The Postal Service has not estimated service performance based on the service standard changes.

The goal is to achieve 95 percent on-time performance.

Based on the proposal, the chart below shows the volume percentage breakouts moving from current to proposed service standards:

Estimated Impact of USPS Proposed Transportation Changes						
	Proposed Transportation					
Current Transportation	1-Day	2-Day	3-Day	4-Day	5-Day	TOTAL
1-Day	100%	0%	0%	0%	0%	100%
2-Day	0%	81%	19%	0%	0%	100%
3-Day	0%	0%	47%	36%	17%	100%

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO
ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES**

POSTCOM/USPS-T1-3: Please refer to page 31 of USPS-T-1, where you state that "[t]hirty-four percent of remittance volume may be impacted by a downgrade in service."

- a. Please define "remittance volume" as used in this sentence.
- b. What would be the incremental cost to the Postal Service of continuing to use air transportation for remittance volumes to prevent service downgrades?
- c. Has the Postal Service estimated the cost to remittance mailers of delayed payments? If so, please provide such estimates.

RESPONSE:

- a. "Remittance Mail" is identified as mail pieces with a Facing Identification Mark (FIM). The FIM types below are included:

FIM	Description
A	Courtesy Reply Mail
B	Business Reply Mail (Non Barcoded)
C	Business Reply Mail (Barcoded)
D	IBI Meters and PC Postage Systems
E	Customized Services (IMb Barcoded)

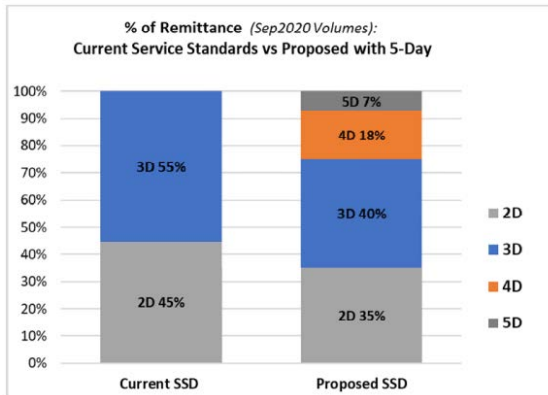
- b. Maintaining current air transportation for remittance volume identified in surface First-Class lanes in the model would reduce the estimated air network savings by approximately \$8M per year.
- c. No, the Postal Service has not estimated the cost impact to remittance mailers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-4: Please refer to USPS-T-1 at 31, footnote 21, which states, "The Postal Service presently prioritizes remittance mail such that certain remittance mail volume is delivered more quickly than is required under current First-Class Mail service standards."

- a. Is the majority or minority of remittance mail prioritized and delivered more quickly than the current First-Class service standard?
- b. Please refer to the charts below, which are reproduced from Library Reference USPS-LR-N2021-1/3, Excel worksheet 3_SSD_5D_Vol_Impacts_CONUS at Tab "Remittance Impact":

PostCom/USPS-T-1-5. Remittance Volume					
Current Service Standard	Proposed Service Standard	Remittance in First Class Daily Volume	Current service standard % of Total Volume	Proposed service standard % of Total Volume	% of Current SSD Volume
2D	2D	3,820,282	45%	35%	79%
2D	3D	1,037,579		10%	21%
2D	4D	36		0%	0%
3D	2D	0	55%	0%	0%
3D	3D	3,285,481		30%	55%
3D	4D	1,928,187		18%	32%
3D	5D	775,704		7%	13%
Remittance Volume		10,847,269	% Downgrade of Remittance	34%	



- i. Confirm that for the remittance volume that is prioritized, the downgrade from actual service (as opposed to the standard) will be even more severe than depicted in these charts?
- ii. How does the remittance volume that will be downgraded breakout across the change from 2 days to 3 days, to 4 days, to 5 days; and from 3 days to 4 days and to 5 days?

RESPONSE:

- a. The minority of remittance mail volume is delivered more quickly than the current First-Class Mail service standard. See the tables below:

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO
ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES**

2-Day Remittance Mail							
Quarter	0-1 Day	2 Days	3 Days	4 Days	5 Days	6+ Days	Average Delivery Days
1/1/2019*	42.10%	54.42%	2.14%	0.42%	0.15%	0.77%	1.74
4/1/2019	43.24%	53.97%	1.85%	0.36%	0.14%	0.44%	1.66
7/1/2019	42.33%	55.17%	1.69%	0.36%	0.13%	0.33%	1.64
10/1/2019	41.41%	54.15%	3.06%	0.64%	0.23%	0.51%	1.69
1/1/2020	42.22%	54.39%	2.35%	0.51%	0.18%	0.36%	1.65
4/1/2020	43.20%	53.71%	2.06%	0.53%	0.19%	0.33%	1.63
7/1/2020	41.15%	53.02%	4.09%	0.97%	0.32%	0.45%	1.70
10/1/2020	37.42%	52.30%	6.80%	1.82%	0.67%	0.98%	1.82
1/1/2021	37.35%	54.49%	4.99%	1.38%	0.54%	1.26%	1.83

*Please note that the data for FY19 Q2 starts at 2/9/2019

3-5 Day Remittance Mail							
Quarter	0-1 Day	2 Days	3 Days	4 Days	5 Days	6+ Days	Average Delivery Days
1/1/2019*	16.83%	24.25%	50.46%	6.23%	1.38%	0.85%	2.56
4/1/2019	17.96%	26.74%	48.82%	4.83%	0.95%	0.70%	2.48
7/1/2019	16.79%	28.42%	49.46%	3.87%	0.84%	0.61%	2.47
10/1/2019	16.25%	24.68%	48.96%	7.33%	1.74%	1.05%	2.59
1/1/2020	17.91%	22.61%	50.96%	6.18%	1.40%	0.93%	2.56
4/1/2020	17.54%	25.79%	47.29%	6.63%	1.68%	1.08%	2.55
7/1/2020	16.42%	20.35%	47.66%	10.83%	2.79%	1.95%	2.72
10/1/2020	14.68%	18.56%	41.70%	14.32%	5.24%	5.50%	3.05
1/1/2021	15.47%	18.07%	38.82%	14.08%	5.23%	8.33%	3.25

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO
ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES**

- b. i. Remittance volume currently being delivered more quickly than the service standard will be impacted to a greater extent than the proposed downgrades in the charts in subpart (b) of the interrogatory.
- ii. Remittance volume being downgraded is depicted in the charts referenced in subpart (b) of the interrogatory. This analysis does not project proposed days to deliver.